

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2564

ANSWERED ON:18.08.2006

CREDIT TO SSI

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Will the Minister of FINANCE be pleased to state:

- (a) the credit flow to SSI sector from public; sector banks during the last three years, bank-wise and State-wise; and
- (b) the efforts made by Government to improve upon the flow of credit to SSI sector ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) The data on credit flow to Small Scale Industries (SSIs) sector from Public Sector Banks during the last three years bank-wise and State-wise, as reported by the Reserve Bank of India, is given in the statement-I and II.

(b) Besides the Government's 'Policy Package on Stepping up credit to Small and Medium Enterprises(SMEs) sector' envisaging 20% year on year growth in credit to SMEs, Reserve Bank of India (RBI) has formulated a scheme to encourage banks to establish mechanisms for better co-ordination between their branches and branches of Small Industries Development Bank of India (SIDBI) which are located in clusters identified by the Ministry of Small Scale Industries for co- financing of SMEs sector (including tiny and services sector) on mutually agreeable operational modalities. Modification in Credit Linked Capital Subsidy Scheme for upgradation of SSI sector, introduction of Credit Rating Scheme by National Small Industries Corporation and setting up SME Rating Agency by SIDBI are some other measures taken by the Government and RBI to increase the credit flow to SME sector credit to SMEs, Reserve Bank of India (RBI) has formulated a scheme to encourage banks to establish mechanisms for better co-ordination between their branches and branches of Small Industries Development Bank of India (SIDBI) which are located in clusters identified by the Ministry of Small Scale Industries for co- financing of SMEs sector (including tiny and services sector) on mutually agreeable operational modalities. Modification in Credit Linked Capital Subsidy Scheme for upgradation of SSI sector, introduction of Credit Rating Scheme by National Small Industries Corporation and setting up SME Rating Agency by SIDBi are some other measures taken by the Government and RBI to increase the credit flow to SME sector.